GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:5300
ANSWERED ON:05.05.2008
EVALUATION OF SILK EXPORT
Jogi Shri Ajit

Will the Minister of TEXTILES be pleased to state:

(a) whether the Union Government has made any evaluation of export of silk and other silk products;

(b) if so, the details and outcome thereof;

(c) whether the producers of silk and other silk products are facing problem in selling their produce in international market;

(d) if so, the details thereof and the reasons therefor; and

(e) the remedial steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a) & (b) Yes Sir. The Indian Silk Export Promotion Council has received data upto December, 2007 i.e. for the 9 months of the financial year 2007-08. Silk exports amounted to Rs.1927 crore which is approximately = US $ 480 million, as against the proportionate target of US $ 667.50 million. Achievement is about 28 % less than the targets. The expected total exports is about Rs.2,600 crore which is equal to US $ 650 million and is less than target by 27 %.

(c) & (d) Yes Sir. Some of the problems faced by producers of silk and silk products in selling their products in the international market are as under:-

Due to recent appreciation of Indian Rupee value against the US$ rates, the silk exporters are facing hardship to compete in the international markets.

Silk has been always considered as a luxury item & faces severe consumer resistance during economic slowdown. Hence, when the consumer products are affected silk faces the first cut and recovery is often seen at last.This situation is likely to continue for at least one more year.

There has been regular decline in demand from USA and European markets. As a matter of fact exports have declined in case of more than 95% of the countries except UK, Poland and Morocco.

India is facing tough competition in respect of silk goods exports after the abolition of quota restrictions from the major silk producing countries especially from China.

Growing input cost and pressure on prices are the major challenges to improving India's competitiveness in global markets.

Indian Silk exporters are facing non-tariff barriers such as formation of Trading Blocks like the EU, NAFTA (North American Free Trade Association) while exporting to the EU countries and US.

The Stringent environmental regulation imposed by importing countries is another non-tariff barrier that Indian Silk Exporters are facing.

The interest rate hike also affected the India's exports.

(e) The following remedial steps have been taken by the Government considering the decline in exports of silk and other silk products:

The Government is providing assistance to the Indian Silk Export Promotion Council, Mumbai for undertaking various export promotion activities.

The Government has taken series of meetings with the exporters before announcing the new Foreign Trade Policy. Foreign Trade Policy continued all the Duty Remission Schemes and has always been encouraging to the silk exporters.

The Government has rationalized value addition/Input-output norms specified under the EXIM Policy extended to exporters, the

facility of duty free import of raw material under the Advance Licensing Scheme, import of capital goods at concessional rate of duty for export products.

For Technological up-gradation of the industry loan at 5% point less than applicable rate, under the Technological Up-gradation Fund Scheme for the Textiles sector is available,inter- alia, to the silk sector.

Import duty on silk machinery has been reduced to 10%.

The RBI Credit Policy to exporters have become more friendly. Exporters can now get credit @ 2.5 % for 90 days post-shipment or for 180 days pre-shipment.

Periodically reviewing the import policy for raw silk taking into account the balanced interests of the sericulturists as well as export manufacturers.

All pending Drawback Claims are being cleared.

The DEPB Schemes is extended for one more year.

Apart from the above, the Central Silk Board(CSB) and the State Sericulture Departments have taken several initiatives to strengthen the Indian Silk Industry by focusing on improvement in productivity and quality through improved technology to counter the import of Chinese silk into the country. Some of the major steps taken to improve the quality of silk yarn through Research & Development efforts to produce International Standard silk to boost the Export of silk are furnished below:

1.CSB is implementing Catalytic Development Programme (CDP) in collaboration with the State Governments by giving greater thrust to Bivoltine Sericulture.

2.The Central Silk Board has evolved new Bivoltine Breeds with assistance from the Japan International Co-operation Agency(JICA).Commercial Exploitation of these breeds has resulted in the production of International Standard Import Substitute grade of mulberry raw silk in the country.

3.Through R&D efforts, the Central Silk Board has made a break through in tropicalising the BV Silkworm and Development of new verities of mulberry (Viz V1, S36, AR11, AR12, S13 and S34). Plants with higher yields have resulted in significant improvement in silk productivity.

4.CSB launched Silk Mark scheme which is a hallmark for the products made from pure natural Silk and it guarantees the purity of silk products.The Silk Mark will also play an important role in brand promotion of Indian Silk in domestic and Export markets.